

FISCAL NOTE

Bill #: SB0010

Title: Suspend inflation factor for local government reimbursements in HB124

Primary

Sponsor: Senator John Cobb

Status: As Introduced

Sponsor signature Date

Chuck Swysgood, Budget Director Date

Fiscal Summary

	<u>FY2003 Difference</u>	<u>FY2004 Difference</u>	<u>FY2005 Difference</u>
Expenditures:			
General Fund	(\$2,238,861)	(\$4,321,942)	(\$6,462,341)
Revenue:			
General Fund			
Net Impact on General Fund Balance	\$2,238,861	\$4,321,942	\$6,462,341

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
X		Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget	X		Significant Long-Term Impacts
	X	Dedicated Revenue Form Attached	X		Family Impact Form Attached

Fiscal Analysis

ASSUMPTIONS:

- Growth rates used in determining the HB124 entitlement share payments under current law and SB10 are listed below in Table 1. In FY2006 and each fiscal year after, the growth rates under current law and SB10 are the same.

Table 1						
Growth Rates used in Calculating HB124 Entitlement Share Payments						
Fiscal Year	Cities		Counties		Consolidated City/Counties	
	Current Law	SB10	Current Law	SB10	Current Law	SB10
FY2003	3.00%*	0.00%	3.00%*	0.00%	3.00%*	0.00%
FY2004	3.00%	0.00%	2.30%	0.00%	2.65%	0.00%
FY2005	3.00%	0.00%	2.30%	0.00%	2.65%	0.00%
FY2006	3.00%	3.00%	2.30%	2.30%	2.65%	2.65%

* Under law the FY2003 growth rates are set at 3.00%. Current law rates for FY2004 and after are estimates.

2. The current law base for calculating the FY2003 entitlement payments is unchanged by SB10. Applying the growth rates in Table 1 to the current law base for entitlement share payments will result in the entitlement share payments shown in Table 2.

Table 2						
Estimated Entitlement Share Payment for Current Law and SB10						
Fiscal Year	Cities		Counties		Consolidated City/Counties	
	Current Law	SB10	Current Law	SB10	Current Law	SB10
FY2003	43,073,646	41,819,074	29,904,633	29,033,624	3,889,264	3,775,984
FY2004	44,365,855	41,819,074	30,592,440	29,033,624	3,992,329	3,775,984
FY2005	45,696,831	41,819,074	31,296,066	29,033,624	4,098,126	3,775,984
FY2006	47,067,736	43,073,646	32,015,876	29,701,397	4,206,726	3,876,048

3. The difference in total entitlement share payment is shown in Table 3.

Table 3			
Estimated Total Share Payment for Current Law and SB10			
Fiscal Year	Total Entitlement Share Payment		
	Current Law	SB10	Difference
FY2003	76,867,543	74,628,682	(2,238,861)
FY2004	78,950,624	74,628,682	(4,321,942)
FY2005	81,091,023	74,628,682	(6,462,341)
FY2006	83,290,338	76,651,091	(6,639,247)

4. It is estimated that SB 10 would reduce the total amount of entitlement share payments by \$2,238,861 in FY2003, \$4,321,942 in FY2004, and \$6,462,341 in FY2005.

LOCAL GOVERNMENT IMPACTS:

The total amount of entitlement share payments to cities, counties, and consolidated city/county governments in FY2003 and each following fiscal year would be less under SB10 than under current law (Tables 2 and 3 above, and Long-Range Impacts). The HB124 block grant payments to tax increment finance districts, local schools districts, and countywide retirement and transportation funds are unaffected by SB10.

LONG-RANGE IMPACTS:

- Under SB10 the total amount of entitlement share payments to cities, counties, and consolidated city/county governments in FY2003 and each following fiscal year would be less than under current law (Tables 2 and 3 above and Long-Range Impacts). The result is a reduction in state general fund expenditures in FY2003 and each following fiscal year. The reduction in expenditures (SB10 compared to current law) reaches \$6,462,341 in FY2005 and continues to grow at approximately 2.74% each year.